

American

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Memorandum for the Secretary of State*Presidential Determination No. 2006-24*

SUBJECT: Presidential Determination on Major Drug Transit or Major Illicit Drug Producing Countries for Fiscal Year 2007

Pursuant to section 706(1) of the Foreign Relations Authorization Act, FY03 (Public Law 107-228) (FRAA), I hereby identify the following countries as major drug transit or major illicit drug producing countries: Afghanistan, The Bahamas, Bolivia, Brazil, Burma, Colombia, Dominican Republic, Ecuador, Guatemala, Haiti, India, Jamaica, Laos, Mexico, Nigeria, Pakistan, Panama, Paraguay, Peru, and Venezuela.

A country's presence on the Majors List is not necessarily an adverse reflection of its government's counternarcotics efforts or level of cooperation with the United States. Consistent with the statutory definition of a major drug transit or drug producing country set forth in section 481(e)(2) and (5) of the Foreign Assistance Act of 1961, as amended (FAA), one of the reasons that major drug transit or illicit drug producing countries are placed on the list is the combination of geographical, commercial, and economic factors that allow drugs to transit or be produced despite the concerned government's most assiduous enforcement measures.

Pursuant to section 706(2)(A) of the FRAA, I hereby designate Burma and Venezuela as countries that have failed demonstrably during the previous 12 months to adhere to their obligations under international counternarcotics agreements and take the measures set forth in section 489(a)(1) of the FAA. Attached to this report (Tab A) are justifications for the determinations on Burma and Venezuela, as required by section 706(2)(B).

I have also determined, in accordance with provisions of section 706(3)(A) of the FRAA, that support for programs to aid Venezuela's democratic institutions is vital to the national interests of the United States.

Although President Karzai has strongly attacked narcotrafficking as the greatest threat to Afghanistan, one third of the Afghan economy remains opium-based, which contributes to widespread public corruption. The government at all levels must be held accountable to deter and eradicate poppy cultivation; remove and prosecute corrupt officials; and investigate, prosecute, or extradite narcotraffickers and those financing their activities. We are concerned that failure to act decisively now could undermine security, compromise democratic legitimacy, and imperil international support for vital assistance.

My Administration is concerned with the decline in Bolivian counternarcotics cooperation since October 2005. Bolivia, the world's third largest producer of cocaine, has undertaken policies that have allowed the expansion of coca cultivation and slowed the pace of eradication until mid-year, when it picked up. The Government of Bolivia's (GOB) policy of "zero cocaine, but not zero coca" has focused primarily on interdiction, to the near exclusion of its necessary complements, eradication and alternative development. However, the GOB has been supportive of interdiction initiatives and has had positive results in seizing cocaine and decommissioning rustic labs. We would encourage the GOB to refocus its efforts on eliminating excess coca, the source of cocaine. This would include eradicating at least 5,000 hectares, including in the Chapare region; eliminating the "cato" exemption to Bolivian law; rescinding Ministerial Resolution 112, Administrative Resolution 083, and establishing tight controls on the sale of licit coca leaf for traditional use; and implementing strong precursor chemical control measures to prevent conversion of coca to cocaine. My Administration plans to review Bolivia's performance in these specific areas within 6 months.

The Government of Canada (GOC) continued to effectively curb the diversion of precursor chemicals that are required for methamphetamine production to feed U.S. illegal markets. The GOC also continued to seize laboratories that produce MDMA/Ecstasy consumed in both Canada and the United States. The principal drug concern was the continuing large-scale production of high-potency, indoor-grown marijuana for export to the United States. The United States enjoyed excellent cooperation with Canada across a broad range of law enforcement issues and shared goals.

The Government of Ecuador (GOE) has made considerable progress in combating narcotics trafficking destined for the United States. However, a dramatic increase in the quantity of cocaine transported toward the United States using Ecuadorian-flagged ships and indications of increased illegal armed group activity along Ecuador's northern border with Colombia remain areas of serious concern. Effective cooperation and streamlined maritime operational procedures between the U.S. Coast Guard and the Ecuadorian Navy are resulting in an increase in the amount of cocaine interdicted. Building on that cooperation, we will work with Ecuador to change the circumstances that make Ecuadorian-flagged vessels and Ecuadorian citizenship so attractive to drug traffickers.

As a result of the elections in Haiti, the new government now has a clear mandate from the Haitian people to bring crime, violent gangs, and drug trafficking under control. We urge the new government to strengthen and accelerate

ongoing efforts to rebuild and reform Haiti's law enforcement and judicial institutions and to consult closely with the United States to define achievable and verifiable steps to accomplish these goals.

While the Government of Nigeria continues to take substantive steps to curb official corruption, it remains a major challenge in Nigeria. We strongly encourage the government to continue to adequately fund and support the anti-corruption bodies that have been established there in order to fully address Nigeria's ongoing fight against corruption. We urge Nigeria to continue improving the effectiveness of the National Drug and Law Enforcement Agency and, in particular, improve enforcement operations at major airports/seaports and against major drug kingpins, to include targeting their financial assets. We look forward to working with Nigerian officials to increase extraditions and assisting in drug enforcement operations.

Although there have not been any drug seizures or apprehensions of drug traffickers with a connection to the Democratic People's Republic of Korea (DPRK) since 2004, we remain concerned about DPRK state-directed criminal activity. The United States Government has made clear to the DPRK that an end to all involvement in criminal activity is a necessary prerequisite to entry into the international community.

Under provisions of the Combat Methamphetamine Epidemic Act (CMEA), which modified section 489(a) of the Foreign Assistance Act of 1961, as amended, and section 490(a) of the FAA, a report will be made to the Congress on March 1, 2007, naming the five countries that legally exported the largest amount of methamphetamine precursor chemicals, as well as the top five methamphetamine precursor importers with the highest rate of diversion for illicit drug production. This report will be sent concurrently with the International Narcotics Control Strategy Report, which will also contain additional reporting on methamphetamine precursor chemicals pursuant to the CMEA.

You are hereby authorized and directed to submit this report under section 706 of the FRAA, transmit it to the Congress, and publish it in the Federal Register.

GEORGE W. BUSH

Partnerships with U.S. Muslim, Sikh Leaders Boost Law Enforcement

Security agencies and communities cooperate to protect civil rights, leaders say

By Lea Terhune

Washington File Staff Writer

Washington -- "Our country is more secure today because law enforcement and America's Arab, Muslim, Sikh and South Asian communities are working more closely together," according to Homeland Security's Daniel W. Sutherland.

"We sincerely hope and expect that those relationships will deepen and strengthen as the years progress," the officer for civil rights and civil liberties at the Department of Homeland Security said, introducing a panel on security enhancement through community involvement at the National Press Club in Washington September 15.

Addressing the group, Assistant Attorney General for Civil Rights Wan Kim called the September 11, 2001, attacks in the United States "a seminal event in the nation's history" and deplored post-9/11 hate crimes against Arab and Sikh Americans. Among the most effective tools to counter such incidents are outreach programs to the Arab and South Asian American community leaders, he said, adding that cooperation with federal, state and local law enforcement officials has enhanced protection of civil rights in their communities and brought criminals to justice.

Kim cited the examples of James Herrick, who attempted to burn down a Pakistani restaurant in Salt Lake City; Frank Roque, who gunned down Balbir Singh Sodhi, a Sikh, in a Mesa, Arizona, service station; and an Iowa Marriot hotel that, under false pretences, canceled an agreement to host an American Syrian and Lebanese group's annual convention. Kim said there was redress in each case: Herrick was sentenced to five years in prison; Roque was sentenced to death; and the Marriot apologized, paid \$100,000 in compensation and instituted training for its employees in cultural sensitivity.

MORE FEDERAL RESOURCES DEVOTED TO PROTECTING CIVIL RIGHTS

Since 2001, the Department of Justice has investigated more than 700 cases throughout the United States and brought federal charges against 35 defendants, Kim said. Attorneys from Homeland Security's civil rights division coordinated with state prosecutors in 150 nonfederal prosecutions, "in many cases providing substantial assistance."

Cases of harassment of Muslim students have been investigated. "In New York, currently we are litigating a

case involving the right of Muslim and Sikh bus and subway drivers to wear their religious headgear," he said.

Since 9/11, more people have been detailed to track civil rights issues in the Homeland Security and Justice departments. The Department of Justice sponsored more than 250 town hall meetings with American Arabs, Muslims and South Asians around the country to address their concerns, Kim said, adding, "But this is a process, not a destination. There is more work to be done."

New training on cultural issues has been incorporated at the FBI, according to FBI unit chief Brett Hovington. "We are fighting in a totally different environment these days, and the war on terrorism is not going to be won, necessarily, with knocking down doors, but based on building relationships," he said.

TERRORISM, EXTREMISM REPRESENT "CLASH OF THE UNCIVILIZED"

Panelist Imam Mohamed Hagmagid Ali of the All Dulles Area Muslim Society Center in Virginia spoke of its work "to make sure [the Muslim] community protects itself from being penetrated by extremists and those who might wish harm to our nation and hijack our religion."

A decree, or fatwa, denouncing terrorism was issued at his mosque. Programs for youth "to integrate them into society," such as the Boy Scouts, are emphasized. Networking with other religious organizations and civil rights groups, instituting a "mosque without walls" open to Muslim and non-Muslim alike, and establishing dialogues with U.S. government agencies are effective approaches to the issues that affect the Muslim community, he said.

"There has been a collective decision at the level of the Muslim communities of America to become a part of the solution in the post 9/11 conflict as opposed to a part of the problem," said Ahmed Younis, national director of the Muslim Public Affairs Council. He supported the imam's view that mosques can ensure community integrity remains intact, that they are not manipulated "to engage in acts of extremism or acts of terrorism."

He said the discourse begins among Muslims themselves, with amplification of Islam's message against terrorism and extremism, and financial accountability to congregations and transparency about where and how charitable funds are being spent.

"We do not subscribe to the proposition that there is a clash of civilizations, we as Muslims subscribe to the proposition that there is a clash of the uncivilized," Younis said.

Manjit Singh, head of the Sikh American Legal Defense and Education Fund, described the ongoing problems that American Sikhs have experienced, and how Sikh organizations have worked with U.S. security agencies to define culturally sensitive guidelines for airport screening. "One can't have security without making everyone secure," he said. "We can't be discriminatory and say security applies to some and not to others."

To a question about why American Muslims are not drawn to extremism as readily as their European counterparts, Ali offered, "American Muslims are unique. They are very integrated with the community."

Other panel participants were Laila Al-Qatami, communications director for the American-Arab Anti-Discrimination Committee and Dr. Yahya Basha, of Basha Diagnostics P.C.

Treasury Secretary Calls for More Flexible Economic Policies

Reforms would help reduce imbalances, Paulson tells G7 ministers

By Kathryn McConnell and Carrie Loewenthal
Washington File Staff Writers

Washington -- Greater flexibility of global economic policies would help reduce economic imbalances, U.S. Treasury Secretary Henry Paulson says.

In a September 16 statement following a meeting in Singapore of finance ministers and central bankers from the seven leading industrialized nations known as the Group of Seven (G7), Paulson called on China to adopt a more flexible currency and to reform its financial sector.

He also said oil-exporting countries need to enhance their capacity to absorb investment and, in some cases, to permit greater exchange-rate flexibility.

Paulson called on Europe and Japan, which are seeing signs of moderate economic recovery, to implement economic reforms and increase growth by making possible more domestic demand for products and services.

The G7 comprises Canada, France, Germany, Italy, Japan, the United Kingdom and the United States. Its meeting preceded the annual meetings of the World Bank and International Monetary Fund September 19-20, also in Singapore.

In addition to saying that addressing global imbalances is a "shared responsibility" of the world's economies, Paulson said trade liberalization is important.

"Economies that are open to trade and competition benefit greatly, and economies that restrict open trade and competition impose heavy costs on themselves and the overall economy," he said.

Paulson added that ensuring the soundness and security of international financial systems, and reforming International Monetary Fund (IMF) governance and the formulas the fund uses to calculate quotas also need global attention.

"Reform is long overdue," he said.

In a statement following their meeting, the G7 finance ministers and central bankers endorsed making the IMF quota and voting system "more responsive to changes in global economic realities . . . and enhancing the participation and voice for low-income countries."

The quota formulas should have a "predominant weight" on countries' gross domestic product, Paulson said.

Each IMF-member country is assigned a quota, based broadly on its size in the world economy. Quotas determine a country's maximum financial commitment to the fund and its voting power, and bear on its access to IMF financing.

The finance ministers called for a "global common standard for reporting oil reserves" and greater transparency in energy-market data. They also encouraged investment in oil "exploration, production, transportation and refining capacity."

The G7 expressed support for Lebanon's reconstruction and development efforts and for the international Iraq compact, designed to give international political and financial support for the Iraqi government, and agreed to keep under review "economic prospects" in the West Bank and Gaza.

G7 members agreed to intensify their efforts to combat money laundering and financing of weapons proliferation and terrorist networks, and urged the IMF and the World Bank to work closely with the inter-governmental Financial Action Task Force (FATF) to implement relevant international financial standards.

Hispanic Americans Contributing to the American Mosaic

Latin presence enriches U.S. government, society, popular culture, sports

Washington – Hispanics, who became the largest minority group in the United States in 2002, are changing American society and culture.

Hispanics now fill top positions in the U.S. government, with Mexican-American Alberto Gonzales serving as U.S. attorney general and Cuban-born Carlos Gutierrez as secretary of commerce. In 2004, Florida voters elected another Cuban native, Mel Martinez, formerly secretary of housing and urban development, to the U.S. Senate.

Language might most dramatically reflect the influence of Hispanics on American life. Author and journalist Richard Rodriguez, a Mexican-American commentator for the Public Broadcasting System, says Spanish is heard everywhere in the United States, and that because of the massive migration of Latin Americans northward, the United States might be home to the world's fifth-largest Spanish-speaking population, after Mexico, Spain, Argentina and Colombia.

The roots of the Hispanic experience in America lie in St. Augustine, Florida, the oldest city in the United States. The city, founded in 1565, served as a strategic sea and land base for Spain to block foreign advances against the Spanish empire in "New Spain," which included present-day Mexico, the countries of the Caribbean and Central America, and the U.S. states of California, Nevada, Utah, Colorado, Arizona, New Mexico and Texas.

The word "Hispanic," once used as a reference to people originating from Spain, has taken on new meaning. In modern-day America, the overwhelming majority of the U.S. Hispanic population hails from Latin America.

The "Hispanic" label is precise. Mexican-Americans, especially, often choose not to identify with Spain because of their colonial experience under Spanish domination. Many Latin Americans in the United States call themselves Latinos or claim other ethnic identities because of their racially mixed background, either Native American or African, along with some European ancestry. And other Hispanics are Caucasian of European ancestry.

Whatever their ethnic background, people of Latin American or Spanish-speaking European origin are affecting American society and life. The two major U.S. political parties, judging by their outreach efforts to attract the Hispanic vote, are well aware of the growth in the country's Hispanic population. U.S. census data show the Hispanic population in the United States now numbers more than 41 million, or one-seventh of the U.S. total population of more than 296 million.

Los Angeles, named by 18th century Mexican settlers, is the largest Hispanic city in the United States. The city's highest-rated television and radio stations carry Spanish programming. In January 2005, voters in Los Angeles elected their first Hispanic mayor in more than 100 years,

city councilman Antonio Villaraigosa.

The list of Hispanics' contributions to American life has been recognized by the U.S. government, which designates each September 15 to October 15 as National Hispanic American Heritage Month. During this period, the United States honors Hispanic Americans, who have long served as leaders in business, government, law, science, athletics, the arts and many other fields.

Since the 1950s, a number of Hispanic American music performers have gained widespread popularity, including Julio Iglesias, Jennifer Lopez, Carlos Santana, Gloria Estefan and the group Los Lobos.

One of the most popular singers of traditional Latin music was Cuban-born Celia Cruz, known as the Queen of Salsa. Cruz performed for more than 50 years in both Cuba and the United States until her death in 2003. Cruz achieved cross-cultural success when she began teaming with such popular African-American singers as Patti Labelle and Dionne Warwick.

A number of painters and writers also have sought to capture the Hispanic American experience, such as Hispanic artists John Valadez, Martin Ramirez, Frank Romero and Arnaldo Roche. Tomas Rivera, Julia Alvarez, Sandra Cisneros, Luis Valdez and Heberto Padilla rank among the many Hispanic writers who have achieved distinction in the United States, while other major Hispanic American figures in the arts include architect Bernardo Fort-Brescia and fashion designers Adolfo Sardina and Oscar de la Renta.

Among many prominent Hispanic American actors is Edward James Olmos, who starred in such movie as *Stand and Deliver*, about a Los Angeles educator, and *American Me*, a dramatic portrayal of how crime and violence afflicts the Hispanic community.

Another area in which the Hispanic influence is readily apparent in the United States. Mexican foods are especially popular, with the taco -- a folded tortilla filled with meat, cheese, and other ingredients -- as common in some areas as the American staples of hamburgers and hot dogs. Other Mexican dishes, such as enchiladas, tamales and tostadas, also are served in restaurants throughout the United States.

SPORTS

Many Hispanic athletes have made their mark in American sports, particularly in baseball. The list of notables includes Roberto Clemente of Puerto Rico, who died in a 1972 airplane crash while delivering humanitarian supplies to earthquake victims in Nicaragua.

Other Hispanics in Major League Baseball's Hall of Fame include Orlando Cepeda, Juan Marichal and Luis Aparicio.

Ted Williams, considered the quintessential American ballplayer, was also of Hispanic heritage. As shown by his birth certificate in the Hispanic Heritage Baseball Museum in San Francisco, Williams' mother, Maria Hernandez Venzor, was born in Ciudad Juarez, Mexico.

The Hispanic Baseball Museum says that as of 2005, at least 30 percent of all Major League Baseball players were born in Latin America, coming mostly from Cuba, the Dominican Republic, Mexico, Nicaragua, Panama, Puerto Rico and Venezuela. The Hispanic influence is apparent in other sports as well, notably soccer. U.S.-based Hispanic immigrants have imported their love of soccer north to their new home, and the game's growing popularity in the United States is at least partly attributable to this trend.

As more and more Hispanic Americans are making their presence felt in their chosen fields, the 21st century likely will witness even greater Hispanic contributions to U.S. society and culture. National Hispanic American Heritage Month aims to recognize past and present achievements and to encourage future ones.

U.S., China Public and Private Sectors Cooperate on Clean Energy

Clean Coal Forum in Shanxi province targets coal gasification technologies

By Cheryl Pellerin

Washington File Staff Writer

Washington - U.S. and Chinese leaders from the public and private sectors met September 12-13 in Shanxi province - an informal gathering of technology and policy experts - to exchange views on using and promoting clean coal technology.

The meeting was arranged by the Jackson Hole [Wyoming] Center for Global Affairs and the Peoples Government of Shanxi Province in China, and sponsored by the Natural Resources Defense Council, an environmental advocacy group, and other energy and environmental organizations.

The focus of the China Clean Coal Forum - co-chaired by Yu Youjun, governor of Shanxi province, and Grant Larson, president of the Wyoming state Senate - was coal gasification, a growing alternative to coal combustion that is a more efficient and more environmentally friendly way to produce electricity and other energy products from coal.

"The collaboration between Shanxi province and the state

of Wyoming,” said Justin Swift, deputy assistant secretary for international affairs in the Office of Fossil Energy at the U.S. Department of Energy (DOE), “is an excellent example of state-to-state support.”

At the meeting, Swift gave an overview of coal gasification technology, its worldwide capacity and growth, and DOE’s gasification research and development program.

The Clean Coal Forum is the fifth in a series of unofficial meetings held to develop and implement an agenda for U.S.-China clean energy cooperation. The meetings arose from an alliance between the largest coal-producing regions in the United States and China – the state of Wyoming and the province of Shanxi.

STATE-TO-STATE COLLABORATION

Jackson Hole – in the 1800s the term “hole” described a high mountain valley – is a spectacular area in northwest Wyoming, known for its proximity to three national parks, vast mountainscapes, abundant wildlife and world-class skiing.

It is also home to the Jackson Hole Center for Global Affairs, whose forward-looking membership created the U.S.-China Clean Energy Initiative.

The initiative began in 2003, when Jackson Hole resident John Turner, assistant secretary of the State Department’s Bureau of Oceans and International Environmental and Scientific Affairs from 2001 to 2005, invited Shanxi officials to his hometown to discuss environmental issues important to both regions.

Three meetings took place in 2003 and 2004, in Shanxi and Jackson Hole, covering a range of energy topics and involving experts and officials from both regions.

“The doors have opened up in the age of globalization,” said David Wendt, president of the Jackson Hole Center for Global Affairs, “to include so many different potential partners from so many sectors on common issues.”

The initiative is also a vehicle for involving the private sector, Wendt said, which has “the resources and technology to make the necessary investments in clean energy priorities.”

The collaborators in Wyoming and Shanxi, Wendt said, “identified a strong interest in integrated gasification combined cycle, a coal gasification process, not coal combustion, that is by far the most energy-efficient process, and efficient in terms of other resources – water, for example – in using coal for electric power generation.”

COAL GASIFICATION

In gasification, coal (or any other carbon-based feedstock) reacts with steam and oxygen or air at high temperature and pressure in an oxygen-lean atmosphere.

The process produces synthesis gas, or syngas, which is mainly carbon monoxide and hydrogen, and smaller amounts of carbon dioxide and methane. Inorganic materials in the coal, like ash and metals, are converted to an inert material called slag that is used in construction and building.

Syngas is used to power turbines to generate electricity, and the integrated gasification combined cycle (IGCC) is one way to do this. The IGCC process combines two “cycles,” meaning two kinds of turbines – combustion and steam. First, the syngas is burned in the combustion turbine, which drives a generator to produce electricity. The leftover “flue” gas is fed into a heat-recovery steam-generating unit, which extracts energy from the heated gas and produces steam. The steam feeds a steam turbine, which also drives a generator to produce electricity.

“In an IGCC plant,” said Gary Stiegel, technology manager for gasification at the DOE National Energy Technology Laboratory in Pennsylvania, “the combustion [cycle] typically produces two thirds of the electricity and one third comes from the steam cycle.”

MANAGING CARBON DIOXIDE

Because IGCC produces most of the electricity from the combustion cycle rather than the steam cycle, the process is more efficient and uses less water than standard coal combustion. There are other environmental benefits, like fewer emissions of carbon dioxide (CO₂), sulfur and nitrogen oxides and particulates.

The ease of capturing carbon dioxide – a critical part of the CO₂ capture-and-storage process called carbon sequestration, which can help take the greenhouse gas CO₂ out of the atmosphere – is another benefit of IGCC.

Meeting participants were interested in IGCC and carbon sequestration, Wendt said, “because the two are linked. IGCC is probably the most cost-effective technology for separating and capturing carbon dioxide, so it’s carbon-capture ready.”

Coal gasification is a versatile and clean way to convert coal into electricity, hydrogen and other energy products, but coal-based IGCC plants still are not fully commercial and IGCC is 10 percent to 20 percent more expensive than a

conventional coal combustion plant.

"We need to find advanced technologies to drive those costs down," Stiegel said, "and at DOE we're working on a number of different projects to do that."

IGCC capital costs are high, Wendt said, particularly in China where the comparative cost of putting in a standard coal-powered plant is much lower than in the United States.

"But the gap is narrowing in both countries and the benefits are enormous," he added. "Our belief is that by bringing the parties together to understand these benefits and to reach an understanding on how they're going to share the costs and the risks, this needed technology can get jump-started in China."

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